MONTANA LEGISLATIVE HISTORY

Chapter 207 1983

Bill H _____ S 455 Original bill & history ✓ C

H. Committee on State Administration S. Committee on State Administration

Hearing Date(s) 3-9 ____ C Out Hearing Date(s) 2-18 ____ C Out

_____ ____ C _____ ____ C

_____ ____ C _____ ____ C

_____ ____ C _____ ____ C

Date Out _____ ____ C

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____ Report _____

PLACED ON 2ND READING: 4/20/83
PASS CONSIDERATION: 4/21/83
DIED IN HOUSE

SB 453 -- FULLER, KOLSTAD, GAGE, ET AL. -- PROVIDING THAT THE FEE CHARGED BY AN EMPLOYMENT AGENCY IS TO BE BASED ON THE FIRST MONTH'S GROSS INCOME; ... AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.
BY REQUEST OF: THE SENATE BUSINESS AND INDUSTRY COMMITTEE

INTRODUCED: 02/16/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 02/16/83
HEARING: 02/17/83
REPORT: 02/17/83, DO PASS
2ND READING: DO PASS, AS AMENDED, 02/19/83 AYES: 47; NAYS: 0
3RD READING: 02/22/83 AYES: 45; NAYS: 4

TRANSMITTED TO HOUSE: 02/22/83
REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS: 02/28/83
HEARING: 3/10/83
REPORT: 03/11/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/19/83, BE CONCURRED IN AYES: 74; NAYS: 0
3RD READING: 03/21/83, BE CONCURRED IN AYES: 95; NAYS: 0

RETURNED TO SENATE WITH AMENDMENTS: 3/22/83
2ND READING: 03/23/83 AYES: 50; NAYS: 0
3RD READING: 03/24/83 AYES: 49; NAYS: 0

TRANSMITTED TO GOVERNOR: 03/30/83
SIGNED: 4/2/83, CHAPTER 339

SB 454 -- J. JACOBSON, BLAYLOCK, HARRINGTON, ET AL. -- THE MONTANA HIGHWAY REVENUE BONDS ACT OF 1983; PROVIDING AN IMMEDIATE EFFECTIVE DATE.
BY REQUEST OF: THE GOVERNOR'S OFFICE

INTRODUCED: 02/16/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 02/16/83
REREFERRED TO COMMITTEE ON HIGHWAYS & TRANSPORTATION: 02/16/83
HEARING: 2/19/83
REPORT: 02/19/83, DO PASS, AS AMENDED
2ND READING: 02/22/83, AS AMENDED AYES: 43; NAYS: 5
3RD READING: 02/23/83 AYES: 46; NAYS: 4

TRANSMITTED TO HOUSE: 02/23/83
REFERRED TO COMMITTEE ON HIGHWAYS & TRANSPORTATION: 02/28/83
HEARING: 3/22/83
REPORT: 04/06/83, BE CONCURRED IN
2ND READING: 04/06/83, BE CONCURRED IN AYES: 89; NAYS: 2
3RD READING: 04/07/83, BE CONCURRED IN AYES: 95; NAYS: 1

RETURNED TO SENATE: 4/7/83

TRANSMITTED TO GOVERNOR: 04/14/83
SIGNED: 04/18/83, CHAPTER 557

SB 455 -- NORMAN -- TO AUTHORIZE THE STATE TO PAY FOR STATE EMPLOYEES' PARTICIPATION IN PART B OF MEDICARE, IN CERTAIN CASES, FROM THE STATE CONTRIBUTION FOR GROUP BENEFITS ....

BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 02/16/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 02/16/83
HEARING: 2/18/83
REPORT: 02/18/83, DO PASS
2ND READING: 02/22/83 AYES: 49; NAYS: 0
3RD READING: 02/23/83 AYES: 49; NAYS: 0

TRANSMITTED TO HOUSE: 02/23/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 02/28/83
HEARING: 3/9/83
REPORT: 03/10/83, BE CONCURRED IN
2ND READING: 03/11/83, BE CONCURRED IN AYES: 95; NAYS: 0
3RD READING: 03/14/83, BE CONCURRED IN AYES: 99; NAYS: 0

RETURNED TO SENATE: 3/14/83

TRANSMITTED TO GOVERNOR: 03/21/83
SIGNED: 3/23/83, CHAPTER 207

SB 456 -- FULLER, HARPER -- TO ALLOW AN ELECTRIC OR GAS UTILITY TO PURCHASE OR INVEST IN COST-EFFECTIVE ENERGY CONSERVATION ....

INTRODUCED: 02/16/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 02/16/83
HEARING: 2/18/83
REPORT: 02/19/83, DO PASS, AS AMENDED
2ND READING: 02/22/83 AYES: 49; NAYS: 0
3RD READING: 02/23/83 AYES: 47; NAYS: 2

TRANSMITTED TO HOUSE: 02/23/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 02/28/83
HEARING: 3/18/83
REPORT: 03/22/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/24/83, BE CONCURRED IN, AS AMENDED AYES: 79; NAYS: 14
2ND READING: 03/28/83, BE CONCURRED IN, AS AMENDED AYES: 75; NAYS: 10
3RD READING: 03/28/83, BE CONCURRED IN AYES: 79; NAYS: 15

RETURNED TO SENATE WITH AMENDMENTS: 3/29/83
2ND READING: 04/08/83, BE NOT CONCURRED IN. AYES: 48; NAYS: 0

FREE CONFERENCE COMMITTEE APPOINTED: 4/8/83

FREE CONFERENCE COMMITTEE REPORT: 04/13/83

SENATE
2ND READING: 04/15/83, BE ADOPTED AYES: 49; NAYS: 0
3RD READING: 04/16/83, BE ADOPTED AYES: 48; NAYS: 0

HOUSE
2ND READING: 04/14/83, ADOPTED AYES: 91; NAYS: 0
3RD READING: 04/15/83, ADOPTED AYES: 96; NAYS: 0

TRANSMITTED TO GOVERNOR: 04/21/83
SIGNED: 4/25/83, CHAPTER 610

SENATE BILL NO. 455

INTRODUCED BY NORMAN

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE SENATE

February 16, 1983	Introduced and referred to Committee on State Administration.
February 17, 1983	Fiscal Note requested.
February 18, 1983	Committee recommend bill do pass. Report adopted.
February 19, 1983	Bill printed and placed on members' desks.
February 20, 1983	Fiscal Note returned.
February 22, 1983	Second reading, do pass.
	Correctly engrossed.
February 23, 1983	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 28, 1983	Introduced and referred to Committee on State Administration.
March 10, 1983	Committee recommend bill be concurred in. Report adopted.
March 11, 1983	Second reading, concurred in.
March 14, 1983	Third reading, concurred in.

IN THE SENATE

March 15, 1983

Returned to Senate. Sent to enrolling.

Reported correctly enrolled.

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Senate BILL NO. 455

INTRODUCED BY Norman

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE TO PAY FOR STATE EMPLOYEES' PARTICIPATION IN PART B OF MEDICARE, IN CERTAIN CASES, FROM THE STATE CONTRIBUTION FOR GROUP BENEFITS; INCORPORATING THE RELEVANT PROVISIONS OF THE FEDERAL TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982; AMENDING SECTION 2-18-703, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-18-703, MCA, is amended to read:

"2-18-703. Contributions. (1) Each agency as defined in 2-18-601 shall contribute the amount specified in this section towards the group benefits cost.

(2) For employees defined in 2-18-701 other than members of collective bargaining units, and for members of the legislature, the employer contribution for group benefits shall be $70 per month for the fiscal year ending June 30, 1982, and $80 per month for each fiscal year thereafter. Permanent part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution as wages. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act of 1965, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than $10 per month.

(4) Unused employer contributions for any state employee shall be transferred to an account established for this purpose by the department and upon such transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member."

-End-

STATE OF MONTANA

REQUEST NO. 456-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 17, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 455 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 455 authorizes the state to pay for state employees' participation in Part B of Medicare, in certain cases, from the state contribution for Group Benefits; and incorporates the relevant provisions of the Federal Tax Equity and Fiscal Responsibility Act of 1982.

FISCAL IMPACT:

None

COMMENTS:

The state presently contributes $80.00 per month for each eligible employee to be used for group insurance. This $80.00, along with the employee portion of his/her group insurance premium, go into a group insurance account used to pay group insurance claims, premiums and administrative costs. This legislation will not affect the state's cost of $80.00/month per eligible employee. The legislation simply allows a portion of this money to be used to pay an eligible employee's (aged 65-69) "Part B" Medicare premium if Medicare becomes the primary payer. In other words, instead of the state group insurance paying the employees medical bills, Medicare will pay the bills and the state group insurance account will pay the Medicare "Part B" premium. If anything, this will save the group insurance account money because Medicare would be the primary payer in these instances. Any saving, however, will be negligible because the maximum number of employers affected (between ages 65-69) will be less than 150.

FISCAL NOTE 16: S/1

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2·20·83

48th LEGISLATIVE SESSION

COMMITTEE ON STATE ADMINISTRATION

Pg. 6 BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON-CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON-CURRED IN DATE
SB 436	2/16/83		2/17/83						
SB 438	2/16/83	2/18/83			2/18/83				
SB 443	2/16/83	2/18/83			2/18/83				
SB 452	2/16/83	2/18/83		2/18/83					
SB 454	2/16/83	2/18/83	2/17/83						
SB 455	2/16/83	2/18/83		2/18/83					
SB 457	2/16/83	2/17/83			2/18/83				

Use a separate sheet for Senate, House Bills, and Resolutions.

STATE ADMINISTRATION COMMITTEE

MONTANA STATE SENATE

48th LEGISLATIVE SESSION

MINUTES OF THE MEETING
1983
January 6 to April

COMMITTEE MEMBERS

SENATOR PETE STORY, Chairman
SENATOR H. W. HAMMOND, Vice Chairman
SENATOR REED MARBUT
SENATOR LARRY TVEIT
SENATOR R. MANNING
SENATOR LAWRENCE STIMATZ
SENATOR THOMAS TOWE
SENATOR GARY LEE

STAFF PERSONS

DAVID COGLEY, Staff Attorney
LEONA M. WILLIAMS, Secretary
BETTY PAULSON, Secretary's assistant
DAN CROWLEY, Senate Intern to Senator Story from U of M

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

February 18, 1983

The thirty-fourth meeting of the Senate State Administration Committee was called to order by Senator Pete Story, Chairman on February 18, 1983 at 10:30 a.m. in Room 331 of the State Capitol in Helena, Montana.

ROLL CALL: All members were present but Senator Stimatz.

The meeting was called to order to hear S.B.455, S.B.443, S.B.452 and S.B. 435 followed by an executive session.

CONSIDERATION OF SENATE BILL 455:
"AN ACT TO AUTHORIZE THE STATE TO PAY FOR STATE EMPLOYEES' PARTICIPATION IN PART B OF MEDICARE, IN CERTAIN CASES, FROM THE STATE CONTRIBUTION FOR GROUP BENEFITS; INCORPORATING THE RELEVANT PROVISIONS OF THE FEDERAL TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982; AMENDING SECTION 2-18-703, MCA."

SENATOR NORMAN, District 47, introduced this bill by stating that this is a bill that is a federal and state issue. He said that congress is a great state of stability right now. Much of the federal money is being reshuffled, especially in health.

A bill has been passed regarding sex and age discrimination and the federals have not figured out what that bill means but it does have a financial consequence for the state employees in Montana. The federal bill addresses itself to people who are 65 or older and are continuing to work. Age discrimination enters into this and that means medicare. Merely because you continue to work is no reason why you shouldn't be eligible for medicare is the question that enters into this. The consequence of this is to shift the cost to the state. Thus if you are 66 and work for the state you may apply for medicare but the state of Montana has a state health program for its employees including those over 65. The federal said that the medicare benefits could not be less than the benefits granted by the state health plan to the state employee.

Medicare has a part B but it only covers about 80%, so people take a supplementary policy that will pick up the other 20% so the state permits their health plan to pick up the 20%. There is confusion and this bill will allow the state to adjust their state benefits to correspond with federal.

PROPONENTS:

ROD SUNDSTED Chief of State Labor Relations and Employee Benefit Bureau, reviewed the impact of this bill. He said at the present the state gives each employee $80 a month for health benefits. They can choose whether to stay with the state plan or go to medicare. When they choose medicare they get a reduced rate. When TRFA came out it said in 1982 it attempted to shift those costs to the state and said the same benefits had to be paid to the 65 and 70 year olds, as they do the younger employees. In January the EEOC issued guidelines saying that employees would have a choice again but if they choose medicare the state would then have to pay for their participation in medicare, so under that they prepared legislation that would allow them to pay for part B. Since then the office of Budget and Management has rejected those guidelines. The Health Care Financing Department has guidelines coming out and Mr. Sundsted said one of the consquences is going to be that out of the $80 state contribution, a month, they will have to pay the part B medicare coverage. There won't be any increased cost to the state because the $80 that goes to the state plan will now go to the medicare plan. It may save the state money because if we cannot pay part B the employees will choose the state plan and we will have to pay all the bills, he said. If they pay the part B medicare then medicare will have to pay all the bills.

A summary of what is taking place was passed out as EXHIBIT 1.

OPPONENTS: None.

QUESTIONS OF THE COMMITTEE: None.

CONSIDERATION OF SENATE BILL 443:
"AN ACT TO REQUIRE THAT THE EXECUTIVE BUDGET REFLECT SALARY UPGRADES IN THE CURRENT FUNDING LEVEL BY A CORRESPONDING REDUCTION IN FULL-TIME EQUIVALENT EMPLOYEES; AND THAT A REQUEST FOR ADDITIONAL FULL-TIME EQUIVALENT EMPLOYEES BE SUBMITTED ONLY AS A MODIFIED BUDGET REQUEST; AMENDING SECTIONS 17-7-102 and 17-7-123, MCA."

SENATOR ED SMITH, District 1, introduced S.B.443 and said it was requested by Natural Resource Committee that was brought before the full House Appropriation Committee. The purpose of the bill is to correct some of the problems they have had with reclassification and up-grades and not being able to trace them through the interim. EXHIBIT 2 is a chart showing the upgrade. This is to give the committee an idea of what the subcommittee was confronted with, it shows out of 38 FTE's 24 received an upgrade that amounted from $1000 to $3000 for each FTE, total of $100,000 in the total budget.

LARRY NACHTSHEIM spoke to section 1 and said that it is simply moving the filing date as shown in EXHIBIT 4.

PROPONENTS:

TOM SCHNEIDER, Montana Public Employees Association, said that they have been working with Mr. Nachtsheim on the bill and feel that it is a good bill.

There were no other proponents.

OPPONENTS: None

QUESTIONS OF THE COMMITTEE:

SENATOR TOWE asked why this one person was not covered?

SENATOR FULLER said he failed to meet the deadline for filing for workmens compensation.

MR. NACHTSHEIM said that this man had a disability several years ago on the job and didn't apply but continued to work until it forced him to retire. This bill states if the person is over 60 and drawing workmen's compensation he cannot collect disability. The thing about disability is based on 90% of what the individual would get at age 60 or 25% of their salary.

SENATOR FULLER CLOSED on S.B. 435.

The meeting closed on the hearings and was called to order for

EXECUTIVE SESSION:

ACTION ON SENATE BILL 438:
SENATOR MARBUT MOVED DO PASS.
MOTION PASSED.

ACTION ON SENATE JOINT RESOLUTION 21:
SENATOR HAMMOND MOVED S.J.R.21 DO PASS
MOTION PASSED.

ACTION ON SENATE BILL 452:
SENATOR MANNING MOVED S.B.452 DO PASS.
MOTION PASSED
SENATOR MANNING MOVED THE STATEMENT OF INTENT.
MOTION PASSED
Senator Hammond voted "no".

ACTION ON SENATE BILL 455:
SENATOR HAMMOND MOVED DO PASS
MOTION PASSED

ACTION ON SENATE BILL 443:
SENATOR MANNING MOVED S.B.443 DO NOT PASS.
Roll call vote, EXHIBIT 5.
MOTION PASSED.

ACTION ON SENATE BILL 435:
SENATOR HAMMOND MOVED S.B.435 DO PASS.
MOTION PASSED

ACTION ON SENATE BILL 372:
Discussion was held.
SENATOR HAMMOND MOVED S.B.372 DO NOT PASS
Roll call vote, EXHIBIT 6.
MOTION PASSED.

ACTION ON SENATE BILL 341:
Senator Marbut addressed the committee and a straw vote was taken.
SENATOR HAMMOND MOVED THAT S.B. 341 DO NOT PASS.
MOTION PASSED. Roll call vote, EXHIBIT 7.

ACTION ON SENATE BILL 457:
Senator Marbut spoke in opposition to this bill.
SENATOR TVEIT MOVED S.B. 457 DO NOT PASS.
Roll call vote, EXHIBIT 8.
MOTION PASSED.

ACTION ON SENATE BILL 426:
Senator Story stated there were two interpretations and did not think it would amend the statutes but, if the language is wrong it should be amended.
Senator Marbut said it should be debated on the floor.
SENATOR MARBUT MOVED S.B.426 DO PASS.
Roll call vote, EXHIBIT 9.
MOTION PASSED.

ACTION ON SENATE BILL 405:
Senator Marbut expressed his concern and that there would be many more competitors which will mean an uprise in the alcohol consumption.
Senator Hammond said that he would vote against this bill. Wyoming has gone to this but they have equalized the transportation cost.

ROLL CALL

STATE ADMINISTRATION COMMITTEE

47th LEGISLATIVE SESSION -- 1983 Date 2/18/83

NAME	PRESENT	ABSENT	EXCUSED	SENATE SEAT #
SENATOR PETE STORY, Chairman	X			45
SENATOR H. W. HAMMOND, Vice Ch	X			34
SENATOR REED MARBUT	X			44
SENATOR LARRY TVEIT	X			33
SENATOR R. MANNING	X			48
SENATOR LAWRENCE STIMATZ				7
SENATOR THOMAS TOWE	X			26

Each day attach to minutes.

DEPARTMENT OF ADMINISTRATION
PERSONNEL DIVISION

TED SCHWINDEN, GOVERNOR

ROOM 130, MITCHELL BUILDING

STATE OF MONTANA

(406) 449-3871

HELENA, MONTANA 59620

EXHIBIT 1
State Admin.
Feb. 18, 1983

Under the present State Group Health Insurance Plan, an employee over 65 can choose between remaining on the State Plan and paying full premium, or enrolling in Medicare and paying a reduced rate for the State Plan. In the second instance, the rate for the State Plan is reduced because Medicare pays first and the State Plan only pays what Medicare does not pay. Employees must, however, pay for "Part B" of Medicare themselves. Employees' spouses who are over 65 must presently enroll in Medicare.

A provision of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) amended the Age Discrimination in Employment Act and the Social Security Act to require that employer-sponsored medical coverage be made available to employees and their spouses aged 65-69 on the same basis as younger employees, thereby making the employer's plan primary over Medicare. The major reason for this provision of TEFRA was to shift costs from Medicare to employer health plans.

Although this provision was effective January 1, 1983, there is still a great deal of confusion over what employers must do to implement this provision. In December, 1982, the Equal Employment Opportunity Commission (EEOC) issued interim rules covering these provisions. These rules were rejected by the Office of Management and Budget, and have never been officially published. Regulations are also expected in the future from the Health Care Financing Administration which administers Medicare.

Because of the confusion surrounding this provision, it is impossible to predict exactly what the final rules and regulations will contain. At the present time, however, it appears that one regulation will require that employees 65-69 choose between the employer plan and Medicare. If they choose Medicare, it will also require that the employer pay for their participation in "Part B" of Medicare (presently $12.20 per month).

SB 455 simply allows the State to pay for an employee's participation in "Part B" of Medicare from its contribution towards group benefits if Medicare is the primary payor and the State Health Plan the secondary payor. This should allow the State to comply with the provisions of TEFRA as presently anticipated.

DATE February 18, 1983

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One Support	Check One Oppose
R. Nadrean Jensen	AFSCME	443		X
Thomas E Schneider	MPEA	443		X
Thomas E Schneider	MPEA	435	X	
R. Nadrean Jensen	AFSCME	435	X	
Larry Mandish	PERD	435	X	
Dennis Hemmer	State Lands	443		X
Terry Minow	MT Ed of Teachers	443		X
Pat Fairfanks	Mt. Fed. of Teachers	443		X
R. Nadrean Jensen	AFSCME	455	X	
Dennis M. Taylor	Personnel Div/DofA	455	X	
"	"	443		X
Diane Lewis	OBPP	443		X

(Please leave prepared statement with Secretary)

STANDING COMMITTEE REPORT

FEBRUARY 18 19 83

MR. PRESIDENT

We, your committee on STATE ADMINISTRATION

having had under consideration SENATE Bill No. 455

SENATE 455

Respectfully report as follows: That Bill No.

DO PASS

SENATOR PETE STORY Chairman.

STATE PUB. CO.
Helena, Mont.

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STATUS SHEET

HOUSE STATE ADMINISTRATION COMMITTEE

48th Legislature

11 No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
SB 435	Revising the provisions of the PERS act permitting a member to receive retirement benefits for an absence due to illness or injury; certain members apply for disability benefits	2/28/83	Fuller	3/8/83	BE CONCURRED IN	3/10/83
SB 436	Reestablishing the PSC under existing statutory authority & rules; amending various sections of law.	3/2	Blaylock	3/14	3/15 to sub-com. 3/23 AS AMENDED BE CONCURRED IN	3/23
SB 438	Placing certain restrictions on participation in political activities by public officers or employees	2/28	Story	3/9	3/9 to sub-com. 3/18 TABLED AS AMENDED	
B 452	Authorizing the Dept. of Admin. to administer a statewide citizens suggestions program & to award cost saving proposals.	2/28	Fuller	3/9	AS AMENDED BE CONCURRED IN	3/9
B 455	Authorizing the state to pay for St. employees' part. in Part. B of Medicare in certain cases; incorp. relevant prov. of Fed. Tax Equity & Fiscal Responsibility Act of 1982.	2/28	Norman	3/9	BE CONCURRED IN	3/9

m CS-32
1

Senate BILL NO. 455

INTRODUCED BY Norman

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE TO PAY FOR STATE EMPLOYEES' PARTICIPATION IN PART B OF MEDICARE, IN CERTAIN CASES, FROM THE STATE CONTRIBUTION FOR GROUP BENEFITS; INCORPORATING THE RELEVANT PROVISIONS OF THE FEDERAL TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982; AMENDING SECTION 2-18-703, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-18-703, MCA, is amended to read:

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may not receive the state contribution as wages. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act of 1965, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than $10 per month.

(4) Unused employer contributions for any state employee shall be transferred to an account established for this purpose by the department and upon such transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member."

-End-

 THIRD READING

MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION COMMITTEE
March 9, 1983

CHAIRMAN JOE BRAND called the meeting to order at 8 a.m., in Room 129, Capitol building, Helena, Montana.

Roll call was taken and all members were present with the exception of Representative Bardanouve who was absent.

SENATE BILL 438

SENATOR PETE STORY, sponsor of Senate Bill 438 offered an explanation of the bill and why it was submitted. This is a committee bill. There were two reasons why this bill was needed. Senator Story referred to a problem that arose last summer regarding 87-1-204, MCA, which states, "while a person may choose to vote as he may, no employee of the department may use his authority or influence for the purpose of interfering with an election or effecting the results there of, or for the purpose or coercing or influencing political actions by any person or body."

Evidently this has been on the books since 1921. This had never troubled the Fish and Game Department before. This only applies to the Fish and Game employees and does not apply to other state agencies. It is an unfair burden.

A bill was presented to the Senate to remove this section of the law. The two reasons for the bill were that first Fish and Game employees didn't even think they could legally testify before a committee because of that section of the law and second, they thought it was unfair to place this burden on Fish and Game employees and no other state employees. We tried to amend this bill so that rather than repealing this section, we placed the burden on all state employees and at the same time made it clear when they were invited to testify at hearings they would be able to do so. This was really beyond the scope of the title of the bill. We pretty much tabled the Fish and Game bill that they sponsored and came out with a committee bill in the form of Senate Bill 438.

PROPONENTS

SENATOR REED MARBUT, mentioned the Senate State Administration Committee drafted Senate Bill 438 to cover all employees and they were starting with the federal "Hatch Act" which prohibits the participation of federal public employees and lobbying in policy areas. They researched the background of the "Hatch Act" and some of the other states regarding what had been done to determine where it might begin. He read portions of one of the federal court cases which resulted from a challenge to this act. This act has been upheld numerous times, finally by the United States Supreme Court. He said that the need to protect the public employee in the selection process was a definite concern. He also mentioned that there had been several phone calls and messages sent to this committee in just the last couple days.

need someone there to clarify an issue.

CHAIRMAN JOE BRAND asked what this was going to do for the average citizen across the state that would be different from what we do right now. He agreed that this is a problem but unless someone was really interested they probably would not attend anyway. Senator Marbut replied, perhaps, but he felt that they could get testimony from people who would ask why they should bother to go since the department heads would be there and their input probably wouldn't matter anyway.

Chairman Brand said that they would do that anyway. Senator Marbut replied that may be so, but at least they may feel they will have a better chance.

Chairman Brand asked why the language had been stricken on page 3, line 9. Senator Marbut replied, "I am not sure why." Don Judge explained by saying section 1 and 2 apply basicly to employers and section 3 has been for the most part substituted into section 1. This just clears up the way that it is structured.

THERE BEING NO ADDITIONAL QUESTIONS FROM MEMBERS OF THE COMMITTEE THE HEARING WAS CLOSED ON SENATE BILL 438.

SENATE BILL 455

SENATOR BILL NORMAN, sponsor, opened the hearing with an introduction into this bill. It related to discrimination as was stated in the federal legislation and this has not yet been resolved. We are talking about state employees who are over 65 and wish to continue working. This applies only to such people in Montana. This gets entangled with Medicare because if you are 65 and you keep working, you already have some health benefits, so then are we to deny you Medicare? If you are over 65, you are eligible. We don't want to discriminate against you and yet, there is a state employees benefit for medical care. The effect of this would be to shift the cost onto the state. This bill, we hope, will shift it back. We are talking specifically about part B, a supplementary which the state could also offer to the employees. This would be to leave the option here.

The state now pays $80 on state helath plans. Maybe we could take some of that $80 and buy up plan B for the state employee, which would be much less and then let them go on Medicare. We would have to be careful on that respect. We can never give them a level of medical insurance coverage that is less than they have now. This bill should not cost the state anything in dead, it should save money. There were no opponents to this bill in the Senate.

PROPONENTS

ROD SUNDSTED,Chief, Employee Benefits Bureau, spoke on the present insurance policy that is offered to all state employees and explained how this bill would work with that. He mentioned two reasons that they support this legislation: it is going to be required under federal law and it is cheaper for our plan to have Medicare collect their premiums and pay their bills then it is for us to do it. EXHIBIT C is attached.

OPPONENTS

THERE WERE NO OPPONENTS TO SENATE BILL 455. SO SENATOR NORMAN CLOSED.

COMMITTEE QUESTIONS

REPRESENTATIVE JERRY DRISCOLL asked Mr. Sundsted if only employees that were over 65 had to participate in Plan B, do you still have to pay Blue Shield the $80? Mr. Sundsted replied, "No, that the way it is now they could use that $80 for various types of insurance; it was not only for Plan B."

REPRESENTATIVE BILL HAND asked Mr. Sundsted about medicare "A" paying for hospital, then what does medicare "B" pay for? Mr. Sundsted replied, doctors.

REPRESENTATIVE JERRY DRISCOLL asked if they can do this now, what this bill is saying is, that if they choose Plan B, then they must get out of the big plan, is that correct? Mr. Sundsted replied, presently they have to anyway. All this says is that they will have a choice and if they choose Medicare, we will pay for that premium.

Representative Driscoll stated, under the present law, if a person opts for Plan B that Medicare offers, what happens to the $80 premium that the state pays? Do they make that contribution? Mr. Sundsted replied, "Yes, the state makes an $80 contribution to the group insurance fund. If they choose Medicare, they still pay forty some dollars for the supplemental plan and also buy medical care for their dependents with what is left of the $80. This could be for dental, visual coverage, etc."

REPRESENTATIVE BILL HAND asked when the employee passes age 65 does that state contribution change? Does the Medicare thing change after age 65? Mr. Sundsted answered, no it does not change on the Medicare except that now he would have to pay it out of his own pocket for the fee that Medicare charges him. This is a small group of people and it would be just putting us in compliance with the law, because as the law is now, we have to do this or we will be in violation of the "Age Discrimination Act."

CHAIRMAN JOE BRAND asked if the federal law is changed to 70 years of age for retirement, would that make a drastic change in the number of people that would be eligible under this bill? Mr. Sundsted replied this would cover everyone over 65.

REPRESENTATIVE BILL HAND asked, suppose this 65-year-old man decides to retire, then what would happen? Does this $80 the state is contributing continue? Mr. Sundsted replied that this would stop. Then none of these laws would apply because he is no longer an employee. We would allow him to stay on the plan and that would be a Medicare carb-out plan.

REPRESENTATIVE KATHLEEN McBRIDE said this bill will transfer what the employee may be paying at $12.50 per month now to the state, is that correct? Mr. Sundsted explained that the state now pays $80 per month for every employee. It just depends on how they want this amount distributed. Now, under the current law they cannot use that $80 to pay for Medicare.

REPRESENTATIVE JERRY DRISCOLL said, whether you are age 65 or 21 under the present plan, you still have insurance. But after age 65 you get Medicare, so the person that is now age 65 has the insurance, and they go to the hospital and/or to the doctors office. The employee should have the option of who is the first payer out of the insurance coverage. So the employee should still have one hundred percent coverage under the present plan as well. Mr. Sundsted said, we are lowering the cost to the state. We would give them a choice. No one will lose any benefits under this law. The Age Discrimination Act is going to require this or we are going to get sued.

Representative Driscoll stated that he doesn't understand this. How are we going to get sued? This should still be a one hundred percent coverage situation. Mr. Sundsted replied the only reason that he would say that the state is going to get sued if this is not passed is because the interim guidelines that are put down by the EEOC require that this be done. If we don't, then we are in violation of the Age Discrimination Act.

REPRESENTATIVE HELEN O'CONNELL mentioned that using herself as an example, she turned 65 in July, and she has had the state plan for about 3-4 years. She had to take out Medicare, which she did through her bank. Likewise, the state is paying $40 per month. Where does this put her? Mr. Sundsted said under the new law, you would have a choice to either choose the state plan or Medicare. If you choose Medicare, then the state would pay that $12.20. If you choose the state plan, you have to pay the $12.20 and the state would pay all your claims.

REPRESENTATIVE JERRY DRISCOLL asked if they would still have the option to spend the remaining moneys on life insurance or dental after the $12.20 was paid to Medicare. Mr. Sundsted replied, yes, we would have to allow them to spend it on the type of insurance that they would want, over and above the Medicare.

CHAIRMAN JOE BRAND asked will you explain to the members when that comes about. Mr. Sundsted said, yes, that is another part of the law. It says that we must notify them of their options. We must treat the employees that are over 65 the same as everyone else; therefore we must allow them to stay on the state plan if they want. But if they choose Medicare, then we have to pay for it.

THERE BEING NO FURTHER QUESTIONS ON SENATE BILL 455 CHAIRMAN BRAND CLOSED THE HEARING.

CHAIRMAN JOE BRAND brought to the attention of the committee, the fact that alot of people were getting correspondence on Senate Bill 378. He then stated that he had a note from Bob Johnson, Teachers' Retirement System, regarding a conversation he had with Mr. Hendrickson who is the actuary. Mr. Hendrickson had not taken into account that the teachers retiring may not be replaced if they retire. He assumed that anyone retiring would be replaced by another younger teacher in all instances. Therefore he would have to go back through the actuarial material that he had given to the Teachers' Retirement System and develop another acutarial figure. The projections that we have now are incorrect. This has an effect on the fiscal note. We maybe should put this in a subcommittee so that we can find out more information on this bill.

REPRESENTATIVE CHESTER SOLBERG remarked, the information that we had received previously stated that they did not take into account the difference of the 29 percent and 42 percent additional coverage.

REPRESENTATIVE FRANCIS KOEHNKE stated, with this new information, it would help the school districts but it would hurt the retiree more.

SENATE BILL 327

SENATOR THOMAS KEATING, sponsor of Senate Bill 327 said that this bill is a measure to transfer the alcoholic treatment program facilities from the Department of Institutions to the Department of Health. He explained that there are about 22 alcohol treatment programs in the communities which are private, non-profit organizations. Three of these are affiliated with hospitals and there are several aftercare/halfway house programs as well as the full alcoholic/drug abuse treatment program opperations in the larger cities.

Chairman Brand asked about the seven agencies that had cost savings. What did they do about their budgets since they had this cost savings? Mr. Taylor said that he did not know how they handled this. If this committee wanted to somehow identify this cost savings money so that the agency wouldn't get it again, he thought that they could do this.

THERE WERE NO MORE QUESTIONS ON SENATE BILL 452 SO CHAIRMAN BRAND CLOSED THE HEARING. Representative Jan Brown will carry the bill on the House floor.

EXECUTIVE SESSION

SENATE BILL 452

REPRESENTATIVE KATHLEEN McBRIDE said, "I would like to amend this bill to include a statement of intent. This could cover the FTE question." There was some discussion about this. Ms. Menzies stated that maybe a coordination clause could be put in the bill.

REPRESENTATIVE BILL HAND MOVED to amend the bill to provide for the funding and this was seconded by Representative Joe Hammond. The question being called, the motion carried by unanimous voice vote.

REPRESENTATIVE GLENN MUELLER MOVED Senate Bill 452 AS AMENDED BE CONCURRED IN and this was seconded by Representative Joe Hammond. The question being called, the motion carried by unanimous voice vote.

Senate Bill 452 was reported out of this committee this date AS AMENDED BE CONCURRED IN.

SENATE BILL 455

REPRESENTATIVE JOHN PHILLIPS MOVED Senate Bill 455 BE CONCURRED IN and this was seconded by Representative Clyde Smith. The question being called, the motion carried unanimously.

Senate Bill 455 was reported out of this committee this date BE CONCURRED IN.

SENATE BILL 438

CHAIRMAN JOE BRAND gave some information on this bill and asked that the committee have this bill put into a subcommittee consisting of Representatives Driscoll, McBride and Phillips.

SENATE BILL 421

REPRESENTATIVE GLENN MUELLER MOVED Senate Bill 421 AS AMENDED BE CONCURRED IN and this was seconded by Representative Duane

EXHIBIT C - ROD SUNDSTED
SENATE BILL 455
3/9/83

DEPARTMENT OF ADMINISTRATION
PERSONNEL DIVISION

TED SCHWINDEN, GOVERNOR

ROOM 130, MITCHELL BUILDING

STATE OF MONTANA

(406) 449-3871

HELENA, MONTANA 59620

Under the present State Group Health Insurance Plan, an employee over 65 can choose between remaining on the State Plan and paying full premium, or enrolling in Medicare and paying a reduced rate for the State Plan. In the second instance, the rate for the State Plan is reduced because Medicare pays first and the State Plan only pays what Medicare does not pay. Employees must, however, pay for "Part B" of Medicare themselves. Employees' spouses who are over 65 must presently enroll in Medicare.

A provision of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) amended the Age Discrimination in Employment Act and the Social Security Act to require that employer-sponsored medical coverage be made available to employees and their spouses aged 65-69 on the same basis as younger employees, thereby making the employer's plan primary over Medicare. The major reason for this provision of TEFRA was to shift costs from Medicare to employer health plans.

Although this provision was effective January 1, 1983, there is still a great deal of confusion over what employers must do to implement this provision. In December, 1982, the Equal Employment Opportunity Commission (EEOC) issued interim rules covering these provisions. These rules were rejected by the Office of Management and Budget, and have never been officially published. Regulations are also expected in the future from the Health Care Financing Administration which administers Medicare.

Because of the confusion surrounding this provision, it is impossible to predict exactly what the final rules and regulations will contain. At the present time, however, it appears that one regulation will require that employees 65-69 choose between the employer plan and Medicare. If they choose Medicare, it will also require that the employer pay for their participation in "Part B" of Medicare (presently $12.20 per month).

SB 455 simply allows the State to pay for an employee's participation in "Part B" of Medicare from its contribution towards group benefits if Medicare is the primary payor and the State Health Plan the secondary payor. This should allow the State to comply with the provisions of TEFRA as presently anticipated.

SB 311 - YES - ADD LEGISLATIVE COUNCIL & AUDITOR TO LIST

SB 312 - YES - AMEND SEC. 3, PG. 2 SO IT IS NOT RETROACTIVE

SB [illegible] - NO

SB [illegible] - YES

SB [illegible] - YES - AMEND [illegible] TO [illegible] ON LINE 12 & 13, PG. 2

SB 455 - YES

SB 327 - YES

SB 452 - YES

SB 438 - YES

Walter D. [illegible]
3/9/83

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SENATE BILL 455 Date MARCH 9, 1983

SPONSOR SENATOR NORMAN

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
Ted Schwinden	Helena	Emp. Ben. Bur	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Form CS-33
1-81

STANDING COMMITTEE REPORT

MARCH 9 19 83

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration SENATE Bill No. 455

third reading copy (blue color)

"AN ACT TO AUTHORIZE THE STATE TO PAY FOR STATE EMPLOYEES' PARTICIPATION IN PART B OF MEDICARE, IN CERTAIN CASES, FROM THE STATE CONTRIBUTION FOR GROUP BENEFITS; INCORPORATING THE RELEVANT PROVISIONS OF THE FEDERAL TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982; AMENDING SECTION 2-18-703, MCA."

Respectfully report as follows: That SENATE Bill No. 455

DO PASS BE CONCURRED IN

REP. JOE BRANDON Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

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SENATE BILL NO. 455

INTRODUCED BY NORMAN

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE TO PAY FOR STATE EMPLOYEES' PARTICIPATION IN PART B OF MEDICARE, IN CERTAIN CASES, FROM THE STATE CONTRIBUTION FOR GROUP BENEFITS; INCORPORATING THE RELEVANT PROVISIONS OF THE FEDERAL TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982; AMENDING SECTION 2-18-703, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-18-703, MCA, is amended to read:

"2-18-703. Contributions. (1) Each agency as defined in 2-18-601 shall contribute the amount specified in this section towards the group benefits cost.

(2) For employees defined in 2-18-701 other than members of collective bargaining units, and for members of the legislature, the employer contribution for group benefits shall be $70 per month for the fiscal year ending June 30, 1982, and $80 per month for each fiscal year thereafter. Permanent part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution as wages. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act of 1965, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than $10 per month.

(4) Unused employer contributions for any state employee shall be transferred to an account established for this purpose by the department and upon such transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member."

-End-

REFERENCE BILL